

July 11, 2017

Joseph W. Gagnon
910 Louisiana Street, Suite 4000
Houston, Texas 77002

United States District Court
FILED

JUL 21 2017

Re: Civil Action – 4:17-cv-01838

David J. Bradley, Clerk of Court

Via Email to: jgagnon@fisherphillips.com July 11, 2017 at 8:35 p.m.

Dear Mr. Gagnon,

Please see the following in response to your letter via Federal Express Overnight Delivery, received on July 11, 2017.

I did not know that you Sir were representing LBAM Investor Group, LLC. This knowledge was given via email from Monica Hincken. You stated that my attorney, Jay Ellwanger, has filed a motion to withdraw in the lawsuit he filed on my behalf. I do not know Jay Ellwanger, have never spoken or communicated with him on any occasion or ever given him or any other representative of his firm permission to file any lawsuit on my behalf. This came as a surprise to me as well, so I contacted the Court and to my knowledge, the issue had been resolved.

In the email from Monica Hincken, she stated that her firm did in fact advise you that they do not represent me and had already filed a motion to withdraw. For this reason, I am requesting the following:

- Any/all contacts via email, text, phone, snail mail or any other to Jay Ellwanger and/or his firm
- Any/all information requested by you or any representative of your firm regarding my case via email, text, phone, snail mail or any other from Jay Ellwanger, Monica Hincken or any other representative of their firm, including names, dates, times requested and the nature of the requests
- Any/all information, documents, emails, texts, copies, evidence, photo copies, or any other received by you or any other representative of your firm regarding my case, including names, dates, times received and nature of the information received

If there are two separate lawsuits on file for my claim, this is not due to lack in taking appropriate steps and following up to ensure that the actions taken by Jay Ellwanger did not affect, hinder or harm my case in any way. Given your statements, it seems that those steps did indeed, cause harm to my case and I have notified the Courts of this.

Concerning the second issue brought regarding LBAM being the proper and only Defendant that should be named in my claim, I have compiled the following information from both Larry Blumberg & Associates and Apple Hospitality REIT, both of whom are subsidiaries of LBA:

Apple Hospitality REIT, Inc. (NYSE: APLE) owns one of the largest portfolios of upscale, select-service hotels in the United States. Our national, geographically diverse portfolio consists of 235 Hilton® and Marriott® branded hotels located across 33 states, serving some of the country's top markets for business and leisure travelers.

CORPORATE PROFILE Apple Hospitality REIT, Inc. (the “Company”) is a publicly traded real estate investment trust (REIT) focused on the acquisition and ownership of income-producing real estate that generates attractive returns for our shareholders. Our hotels operate under the Courtyard by Marriott®, Fairfield Inn by Marriott®, Fairfield Inn & Suites by Marriott®, Marriott® Hotels, Renaissance® Hotels, Residence Inn by Marriott®, SpringHill Suites by Marriott®, TownePlace Suites by Marriott®, Embassy Suites by Hilton®, Hampton Inn by Hilton®, Hampton Inn & Suites by Hilton®, Hilton® Hotels & Resorts, Hilton Garden Inn®, Home2 Suites by Hilton® and Homewood Suites by Hilton® brands. As of December 31, 2016, the Company’s portfolio consisted of 235 hotels with 30,073 guestrooms in 33 states. The Company’s common shares are traded on the New York Stock Exchange (NYSE) under the ticker symbol “APLE.”

With our focus on the select service and extended stay sector of the lodging industry (97% of our hotels are in this sector), our exclusive alignment with the Hilton® and Marriott® brand families, and the strength of our data-driven asset management team, our properties continue to produce competitive results with operating margins that are well above averages for the hotel industry.

Scale ownership within the Marriott® and Hilton® brand families and among our third-party management companies, as well as concentration in the upscale, rooms-focused sector of the lodging industry, provides Apple Hospitality with exceptional influence, purchasing economies, operational efficiencies and unparalleled access to performance data. Through the detailed analysis of hotel performance, operational and market metrics, we have established a data-driven platform that allows us to benchmark and share best practices across our portfolio to maximize property level profitability and drive strong operating margins.

The management fee is the cost of having your assets professionally managed. ...Management fee structures vary from fund to fund, but they are typically based on a percentage of assets under management (AUM).

We have engaged industry leaders in hospitality management and in 2016, we successfully modified the management fee structure for the majority of our hotels to better incentivize our property managers for outperformance in all market environments. Each participating hotel is evaluated through a balanced scorecard approach, based on various financial and quality performance metrics. The new management fee structure utilizes our extensive access to operational and market data and better aligns individual property incentives and operational targets with our strategic objectives.

We leverage our scale ownership within specific Marriott® and Hilton® brands to increase our purchasing power and strengthen our process efficiencies, which helps to reduce the overall cost of major renovations. In 2016, the Company invested approximately \$63 million in our hotels. Through our disciplined approach, we intend to continue to reinvest in our hotels and have similar projects planned for 2017. Through our scale ownership, we have cultivated meaningful relationships with the brand teams at Hilton® and Marriott®

Related Parties The Company has, and is expected to continue to engage in significant transactions with related parties. These transactions cannot be construed to be at arm's length and the results of the Company's operations may be different if these transactions were conducted with non-related parties. The Company's independent members of the Board of Directors oversee and annually review the Company's related party relationships and are required to approve any significant modifications to the existing relationships, as well as any new significant related party transactions. The Board of Directors is not required to approve each individual transaction that falls under the related party relationships. However, under the direction of the Board of Directors, at least one member of the Company's senior management team approves each related party transaction.

As contemplated in the Merger Agreement, in connection with the A7 and A8 mergers effective March 1, 2014, the Company became self-advised and Apple Seven, Apple Eight and the Company terminated their advisory agreements with their respective Advisors, and AFM became a wholly owned subsidiary of the Company. As a result, the employees, including management, are now employed by the Company, rather than the Company's external advisor.

Employees As of December 31, 2013, the Company did not have any employees. During 2013, all employees involved in the day-to-day operation of the Company's hotels were employed by third party management companies engaged pursuant to the hotel management agreements. During 2013, the Company utilized, through an advisory agreement for corporate and strategic support, personnel from A9A which in turn utilized personnel from AFM, a subsidiary of A9A as of December 31, 2013. In connection with the A7 and A8 mergers, effective March 1, 2014, the Company became self-advised by terminating its advisory agreements and the entire membership interest of A9A in AFM was transferred and assigned to the Company, which then became the sole member of AFM. The employees of AFM not only provide support to the Company but, as discussed herein, under Related Parties, they also provide support to various related parties, including Apple Seven and Apple Eight, prior to the A7 and A8 mergers, and Apple Ten. Through AFM, the Company had 52 employees as of March 1, 2014.

The following describes several risk factors which are applicable to the Company. There are many factors that may affect the Company's business and results of operations, which would affect the Company's operating cash flow and value. You should carefully consider the risks described below and the risks disclosed previously by the Company in its other filings with the SEC, in addition to the other information contained in this report. **Hotel Operations** The Company's hotels are subject to all of the risks common to the hotel industry. These risks could adversely affect hotel occupancy and the rates that can be charged for hotel rooms as well as hotel operating expenses, and generally include: General Local and National Economic Conditions Changes in general local or national economic or market conditions, increased costs of energy, increased costs of insurance, increased costs of products, increased costs and shortages of labor, competitive factors, fuel shortages, quality of management, the ability of a hotel chain to fulfill any

obligations to operators of its hotel business, limited alternative uses for the building, changing consumer habits, condemnation or uninsured losses, changing demographics, changing traffic patterns, inability to remodel outmoded buildings as required by the applicable franchise or lease agreement and other factors beyond the Company's control may reduce operating results and the value of properties that the Company owns. Additionally, these items, among others, may reduce the availability of capital to the Company. As a result, cash available to make distributions to shareholders may be affected.

Index Item 1A. Risk Factors

- increases in supply of hotel rooms that exceed increases in demand;
- increases in energy costs and other travel expenses that reduce business and leisure travel;
- reduced business and leisure travel due to continued geo-political uncertainty, including terrorism;
- adverse effects of declines in general and local economic activity; and
- adverse effects of a downturn in the hotel industry.

Franchise Agreements

The Company's wholly-owned taxable REIT subsidiaries (or subsidiaries thereof), operate all of the properties pursuant to franchise or license agreements with nationally recognized hotel brands. These franchise agreements contain specific standards for, and restrictions and limitations on, the operation and maintenance of the Company's properties in order to maintain uniformity within the franchisor system. These standards could potentially conflict with the Company's ability to create specific business plans tailored to each property and to each market.

Technology is used in operations, and any material failure, inadequacy, interruption or security failure of that technology could harm the business. The Company and its hotel managers and franchisors rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, reservations, billing and operating data. Some of the information technology is purchased from vendors, on whom the systems depend. The Company and its hotel managers and franchisors rely on commercially available and internally developed systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential operator and other customer information, such as individually identifiable information, including information relating to financial accounts. Although the Company and its hotel managers and franchisors have taken steps necessary to protect the security of their information systems and the data maintained in those systems, it is possible that the safety and security measures taken will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper

function, security and availability of information systems could interrupt operations, damage reputation, subject the Company to liability claims or regulatory penalties and could have a material adverse effect on the business, financial condition and results of operations of the Company.

Qualification as a REIT The rules governing a REIT are highly technical and complex. They require ongoing compliance with and interpretation of a variety of tests and regulations that depend on, among other things, future operations. While the Company expects to satisfy these tests and expects Apple Seven and Apple Eight and the A7 and A8 mergers to satisfy the tests, it cannot ensure it will qualify as a REIT for any particular year. There is also the risk that the applicable laws governing a REIT could be changed, which could adversely affect the Company and its shareholders.

Lawsuits and Governmental Regulatory Oversight Risks As a result of regulatory inquiries or other regulatory actions, or as a result of being publicly held, the Company has become subject to lawsuits. The Company is currently subject to an appeal of the dismissal of one securities class action lawsuit. In addition, one lawsuit was filed against the Company in conjunction with the A7 and A8 mergers. Due to the uncertainties related to litigation, the Company is unable at this time to evaluate the likelihood of either a favorable or unfavorable outcome or to estimate the range of potential exposure. If the outcome is unfavorable, the Company may be required to pay damages and/or change its business practices, any of which could have a material adverse effect on the Company's financial condition, results of operations and cash flows. Also, other suits may be filed against the Company in the future. The ability of the Company to access capital markets, including commercial debt markets, could be negatively impacted by unfavorable, or the possibility of unfavorable, outcomes to lawsuits or adverse regulatory actions. The Company has been and could be subject to regulatory inquiries in the future, which have resulted in and which could result in costs and personnel time commitment to respond. It may also be subject to additional investigations and action by governing regulatory agencies, as a result of its activities, which could result in costs to respond and fines or changes in the Company's business practices, any of which could have a material adverse effect on the financial condition, results of operations, liquidity and capital resources, and cash flows of the Company.

There are currently one company officials in LBAM-INVESTOR GROUP, L.L.C.. They are: member Larry Blumberg & Associates, Inc..

Company Overview

Larry Blumberg & Associates, Inc. provides hotel development, management, and consulting services primarily in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and Texas. The company offers preventive maintenance programs, brand standards implementation, statement review, labor management procedures, purchasing and inventory controls, food and beverage cost controls, front office systems, and employee benefits review services; asset management and renovation services, including physical evaluation, property inspection, capital planning, renovation planning, renovation supervision, and recommendations for operational upgrades; and accounting services that include budget preparation, monthly financial statements and analysis, monthly and quarterly reports, inventory accountability, internal audits, and financial restructuring. It also provides revenue management services; sales and marketing services; and technology support services. The company was incorporated in 1970 and is based in Dothan, Alabama.

Key Executives For Larry Blumberg & Associates, Inc.

Mr. Larry Blumberg

Founder, Chairman and Chief Executive Officer

Mr. Beau Benton

President

Mr. Stephen Smith

Chief Financial Officer and Vice President of Accounting

Mr. Michael Blum

Vice President of Operations

Ms. Farrah Adams

Senior Vice President of Hospitality

Larry Blumberg and Associates (LBA) develops and manages hotels (brands include Best Western, Fairfield Inn by Marriott, Hampton Inn & Suites, Red Roof Inn, and Holiday Inn) in the southeastern US. Its portfolio includes about 50 properties in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee. LBA also offers operations and asset management, accounting, and sales and marketing services to third party hotels. CEO Larry Blumberg developed his first hotel -- it is still managed by LBA -- in 1972

Regarding the third issue brought, in error I sent the following to Elizabeth B. Glasgow of Farmer Price Hornsby and Weatherford, mainly due to not being contacted by yourself or any other representative of LBA, leaving me to assume that Ms. Glasgow would be representing the Defendant once again. In your email to Jay Ellwanger, you stated that you received my claim, Request for Summary Judgment and Motion for Discovery. Within that same package, I also submitted Request for Admission and Interrogatories and have advised the Court that I have done so.

The question was asked of Jay Ellwanger, if I would be willing to drop my lawsuit and at this time I would like to state that this is not what I wish to do. I appreciate your offer to draw up any Documents in an attempt to streamline the process, but respectfully decline your offer at this time.

I did not receive your letter until I returned home today from the post office and already sent documents to the Court regarding these issues, using the information in your email to Ms. Hinken and/or Jay Ellwanger and copies, including second copy of Request for Admissions, were sent to you.

Respectfully,


Gwendolyn P. Wright

Gwendolynwright@hotmail.com

Cc: County Clerk, David J. Bradley
Home file
Blind (3)